U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C., 20590

STATEMENT OF JOSEPH C. CALDWELL, DIRECTOR, OFFICE OF PIPELINE SAFETY, BEFORE THE SPECIAL SUBCOMMITTEE ON INVESTIGATION OF THE HOUSE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE, REGARDING THE DEPARTMENT OF TRANSPORTATION'S SAFETY REGULATORY JURISDICTION OVER LIQUEFIED NATURAL GAS (LNG) FACILITIES,
TUESDAY, JULY 10, 1973

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to appear before this subcommittee to discuss the Department's safety regulatory jurisdiction over natural gas pipeline facilities, with particular emphasis on liquefied natural gas (LNG) facilities, including the Texas Eastern Transmission Corporation's Staten Island facility.

The enactment of Public Law 90-481 on August 12, 1968, cited as the "Natural Gas Pipeline Safety Act of 1968," authorized the Secretary of Transportation to prescribe safety standards for the transportation of gas by pipeline and for gas pipeline facilities. This authority has been delegated by the Secretary to the Director, Office of Pipeline Safety.

"Transportation of gas" as defined by the Act, means the gathering, transmission, or distribution of gas by pipeline or its storage in or affecting interstate or foreign commerce;

except that it does not include the gathering of gas in rural areas. Pipeline facilities used in the transportation of gas include LNG facilities.

Even though the Natural Gas Pipeline Safety Act provides that the ultimate overall safety regulatory program for gas pipelines and facilities is the responsibility of the Department of Transportation, it provides that each State, on its own initiative, can participate in this program either by "certification" or "agreement." Under a certification plan, a State certifies that its pipeline safety regulatory authority and program of enforcement meet the minimum requirements of the Act, and that it accepts the responsibility to regulate those pipelines within its respective boundaries that are not subject to the jurisdiction of the Federal Power Commission (FPC) under the Natural Gas Act; i.e., its intrastate pipelines. Under certification, a State is required to adopt each DOT safety standard and carry out a comprehensive safety regulatory program. Also the State can have additional or more stringent standards applicable to these intrastate pipelines (but not applicable to interstate pipelines) as long as they are consistent with the Federal standards. There are 45 States currently certified. If a State fails to meet all the requirements for certification, it may enter into an agreement with the DOT. In this case, it uses the Federal standards for its

regulatory program, but any formal enforcement action has to be taken by OPS. Three of the five non-certifying States and the District of Columbia and Puerto Rico are now operating under such agreements. This gives a total of 50 jurisdictions (48 States, District of Columbia, and Puerto Rico) participating in the program, leaving only two States (New Jersey and Louisiana) not participating.

The Natural Gas Pipeline Safety Act meshes closely with the Natural Gas Act in that it sets apart the safety regulatory jurisdiction of DOT from the economic regulatory jurisdiction over interstate gas pipelines by the FPC under the Natural Gas Act. In this respect, the Natural Gas Pipeline Safety Act retains in the Federal Government authority for the promulgation and enforcement of safety regulations for interstate gas pipelines. To effectively implement this program, we are allowing those States that are willing to do so to act as our agents in monitoring the interstate operators in order to provide maximum surveillance. We now have 22 States acting as our agents under this arrangement. The NGPS Act also establishes close liaison between FPC and OPS on such matters as furnishing safety information, etc.

The natural gas pipeline industry consists of three major types of pipeline systems. There are gathering, transmission, and distribution systems for natural gas. There are approximately 70,000 miles of gathering lines, 260,000 miles of transmission lines, and 1,045,000 miles of distribution pipelines in operation today.

The Act authorizes the DOT to develop and enforce regulations covering the design, construction, testing, operation, and maintenance of these systems. We published our basic safety standards in August 1970. These standards were based on an analysis of all codes, standards, and regulations in existence at that time. Since then, we have made 14 amendments to improve or modify them and will continue to do so. One of these amendments, which became effective November 1972, was the addition of standards covering the handling of LNG. The Federal regulations for LNG facilities incorporate the 1971 edition of the National Fire Protection Association's Standard NFPA 59A entitled "Storage and Handling Liquefied Natural Gas." They apply to all aspects of LNG facilities, and in the case of LNG brought in by ship, they cover the facilities beginning at the transfer line at the dock. The U.S. Coast Guard has safety jurisdiction over the handling aboard vessels of LNG cargoes and also the movement of vessels transporting LNG cargo prior to discharge.

The LNG industry and technology is changing so rapidly that we are letting a study contract to keep us abreast of the technology worldwide. This study will guide us in making any necessary changes in our standards as required to provide maximum safety to the public.

When the accident at the Texas Eastern Staten Island LNG facility occurred on Saturday, February 10, 1973, the accident was reported by phone to OPS as required by our regulations. From a review of the available facts at the time, the accident appeared to be an industrial type and not an operational failure. However, on Monday, February 12, I sent the Chief of our Technical Division to the accident scene to determine if there was any jurisdiction by this Office. He reported that the accident had occurred during repair on the tank after it had been out of service for approximately one year and was therefore unrelated to the storage of the LNG.

The accident and its investigation was discussed with representatives of the U.S. Labor Department, and since they were already investigating the accident under their responsibility for employee safety, I decided not to run a parallel investigation but to assist them in their investigation. After this investigation is completed we plan to review the findings as well as any additional information available from others investigating the accident. Our review will be to determine if the DOT standards are adequate, or if any modification is necessary for the safe transportation and storage of LNG.

This completes my formal statement, and I'll be happy to answer any questions the members may wish to ask.

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